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[REDACTED] (TL-N-8105-91) TR-45-1604-91

We have reviewed your opinion submitted to us on September 13, 1991. The facts indicated that four of the first seven annual premiums of a split-dollar life insurance plan for certain key employees of the taxpayer will be paid in cash. Under these circumstances, the plan clearly satisfies the requirements of §264(c)(1) of the Code, and therefore, the interest paid or accrued on insurance policy indebtedness will be deductible in computing the taxpayer's taxable income.

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